IN THE

SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, A. D. 1907.

No. 106.

JAMES W. DONNELL,

Petitioner,

vs.

HERRING-HALL-MARVIN SAFE COMPANY and HALL SAFE AND LOCK COMPANY,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

BRIEF OF PETITIONER.

Upon petition of James W. Donnell for writ of certiorari to the United States Circuit Court of Appeals for the Seventh Circuit, in this cause, this court on October 30, 1906 (Trans., 391) granted the writ prayed. It may be helpful to a final determination of the cause, to again state concisely the facts, the errors assigned and the authorities believed controlling on the questions presented.

PLEADINGS AND ORDERS.

The Hall Safe and Lock Company, an Illinois corporation, as complainant, on June 28, 1904, filed its bill in the Superior Court of Cook County, Illinois, against the Herring-Hall-Marvin Safe Company, a New Jersey corporation, defendant, alleging that the latter company was wrongfully using the corporate name of complainant and otherwise depriving it by unfair means of the good will, profits and advantages that it might otherwise enjoy, and praying for an injunction against said defendant corporation, to prevent said acts. (Trans., 3 to 10.)

On petition by defendant, Herring-Hall-Marvin Safe Co., the bill was removed to the United States Circuit Court for the Northern District of Illinois (Trans., 10-11). On July 15, 1904, said defendant answered said bill and on the same day filed its cross-bill against said complainant, The Hall Safe and Lock Company, and your petitioner, James W. Donnell, alleging that said complainant company was organized and doing business for the alleged fraudulent purpose of obtaining the advantage and reputation and trade of Herring-Hall-Marvin Safe Company and praying that it and your petitioner, James W. Donnell, be enjoined from carrying on the safe business in the name of the Hall Safe and Lock Company, or any name of which the word "Hall" is a part, and from marking their safes with any name of which "Hall" is a part, and from advertising or offering safes for sale as "Hall's Safe" or by any name of which the word "Hall" is a part, and for damages and other relief. (Trans., 24 to 33.)

Your petitioner and the Hall Safe and Lock Company answered said cross-bill denying its allegations, to which cross-complainant filed replication. (Trans., 33 to 46.)

On motion of complainant, the Hall Safe and Lock Company, for a preliminary injunction, the cause was referred to a special master, and a few days later, by consent, it was ordered that the special master also take testimony on the cross-bill and report his findings. The special master reported adversely to complainant and in favor of cross-complainant, recommending an injunction against your petitioner and the Illinois corporation as prayed by the cross-bill.

The Circuit Court (Kohlsaat, J.) entered an injunctional order December 13, 1904, denying the complainant's motion for an injunction, *dismissing its bill for want of equity* and enjoining *pendente lite* the Hall Safe and Lock Company and your petitioner, James W. Donnell, their, and each of their servants, etc. from using or employing the name of *Hall Safe and Lock Company*, or any other name similar to or liable to be mistaken for said Hall Safe and Lock Company in carrying on the safe and vault business and further ordering the master's report, in so far as it recommended the matters hereinabove ordered, be affirmed, and that, in all other matters the exceptions to said master's report be sustained and requiring an injunction bond and deferring the effect of the decree for twenty days. (Trans., 49-50.) No appeal or writ of error from the order dismissing the original bill for want of equity was ever taken and *no error is now assigned on that order.*

After a hearing on the cross-bill and on June 1, 1905, said Circuit Court (Bethea, J.) entered a final decree as prayed by the cross-bill enjoining the Hall Safe and Lock Company and your petitioner, James W. Donnell, their successors, employe- etc., from carrying on the safe and vault business in the name of Hall Safe and Lock Company, or any name of which the name "Hall" is a part or from marking their safes with any name of which the name "Hall" is a part, *or from advertising or offering safes or vaults for sale as "Hall's Safes," or by any name of which the name "Hall" is a part, except or unless the safes so offered shall have actually been made and manufactured by the original Hall's Safe and Lock Company of Ohio, or its successor in business, the Herring-Hall-Marvin Company, the receivers thereof, or the Herring-Hall-Marvin Safe Company,* and referring the cause to a master to take an account of the profits accruing to said Hall Safe and Lock Company, an Illinois corporation, and James W. Donnell, growing out of the unauthorized and unwarranted use of the said name. (Trans., 51 and 52.)

On appeal to the Circuit Court of Appeals for the Seventh Circuit, the final decree of the Circuit Court was affirmed. (Trans., 389.)

The opinion of the learned Circuit Court of Appeals for the said circuit is shown in the transcript pages 381 to 389, inclusive, and we print the opinion of the learned Circuit Court of Appeals for the *Sixth* Circuit because the same questions on the same facts and propositions of law are there discussed and a totally different conclusion reached.

The errors complained of by petitioner here are set up in the assignment of errors in the transcript on pages 371 and 372 and are embraced in the first assignment that the courts below erred in finding the issues in favor of the cross-complainant and particularly in this, that the court erred—

(1) In enjoining petitioner from "advertising or offering safes or vaults for sale as 'Hall's Safes' or by any name which the word 'Hall' is a part, except and unless the safes so offered shall have been actually made and manufactured by the original Hall's Safe & Lock Co. of Ohio, or its successors in business, the Herring-Hall-Marvin Company, the receivers thereof, or the Herring-Hall-Marvin Safe Company, cross-complainant," and

(2) In referring said cause to the master in chancery to take account of the profits accruing to James W. Donnell growing out of the alleged unauthorized and unwarranted use of the name of Hall Safe and Lock Company, an Illinois corporation.

THE FACTS.

Inasmuch as the facts are with some detail set out in the two opinions filed, by said Circuit Courts of Appeal and are not disputed, we refrain from elaboration. The main and material facts are, briefly, these:

In 1847, Joseph L. Hall began the manufacture of safes known to the trade as "Hall's Safes" at Cincinnati, Ohio; and continued the manufacture and sale of safes either alone or in partnership with others under different firm names in which the

name of Hall appeared until 1867, in which year he organized an Ohio corporation known as "Hall's Safe and Lock Company." Of this company Mr. Hall was president and he continued to be such until his death in 1889, when his family succeeded to his interest in the corporation and his sons and son-in-law continued to carry it on until 1892. During all of this time the safes and vaults made by Mr. Hall, his various partnerships and the corporation bearing his name, achieved and deserved a high reputation in the trade. Upon the death of the elder Hall, his eldest son, Edward C. became president of the company and the other sons held other offices of trust in the company. In fact, the only business known to Edward C. and William H. Hall was and is the making and selling of safes and vaults.

In 1892, the Herring-Hall-Marvin Company was organized under the laws of New Jersey as a combination to take over the business of most of the leading safe manufacturers of the United States and that company by bill of sale May 12, 1892, acquired the property and good will of the Hall Safe and Lock Company, the original Ohio corporation. (Trans., 183-186.) The latter company in pursuance of its agreement contained in the bill of sale, dissolved and surrendered its charter. (Trans., 281.) The New Jersey corporation failed in 1897 and the present company, the Herring-Hall-Marvin Safe Company, also organized under the laws of New Jersey in 1900, acquired title to the property of the former company by purchase from its receivers, who had managed the affairs of the insolvent concern from 1897 to 1900. (Trans., 189-192.)

William H. Hall and Edward C. Hall, two of the sons of Joseph L. Hall, and who had been identified with him in the conduct of this business at the time of the sale mentioned and as a part of the same transaction, by written contract entered the service of the Herring-Hall-Marvin Company. Edward C. Hall became president and afterwards vice-president and William H. Hall became treasurer of that company. These gentlemen agreed when they entered into the service of that company that they would not engage in the safe business east of the Mississippi River so long as the company desired to retain their services as stipulated in their contracts. (Trans., 233, 240, 280.) Both ceased to be officers of the company and left its service in August, 1896, and were then fully released from all contract obligations in this regard. (Trans., 241-280.)

In September, 1896, Edward C. Hall, William H. Hall and Charles O. Hall, all sons of Joseph L. Hall, caused to be organized under the laws of the State of Ohio, a corporation under the name of the Hall's Safe Company for the purpose of engaging in the business of manufacturing and selling safes and vaults. (Trans., 38.)

In February, 1897, the Herring-Hall-Marvin Company filed a bill in the United States Court for the Southern District of Ohio, seeking to enjoin Hall's Safe Company, Edward C. Hall, William H. Hall, Charles A. Hall, Walker P. Hall and A. Acton Hall, sons of said Joseph L. Hall, from engaging in the business of manufacturing fire proof and burglar proof safes and vaults under the name "The Hall's Safe Company," or under any other name

being substantially the same as Hall's Safe and Lock Works, Hall's Safe and Lock Company or The Hall's Safe Company, and calculated to deceive the public and lead it to believe that intending purchasers were dealing with the Herring-Hall-Marvin Company, or by the establishment founded by Joseph L. Hall. (Trans., 31-38.) In May, 1897, The Hall's Safe Company, Edward C. Hall, William H. Hall and Charles O. Hall, answered said bill and later replication was filed. While said suit was pending the Herring-Hall-Marvin Company became insolvent and receivers were appointed; such receivers continued the business until December, 1900, when a reorganization took place and the Herring-Hall-Marvin Safe Company took over and has since continued the business as successors to the Herring-Hall-Marvin Company. On July 10, 1901, the Herring-Hall-Marvin Safe Company filed a petition for leave to file a supplemental bill in the litigation last mentioned, then pending, and seeking the same relief as the original bill. Leave was granted in February, 1902, to file said supplemental bill and the defendants afterwards demurred to said supplemental bill. Nothing further appears to have been done with this suit until on March 26, 1904, the demurrer was sustained and leave was given to file an original bill which was done and at the time of the hearing of this bill, the litigation in the United States Court for the Southern District of Ohio, last above mentioned, was pending. (Trans., 31, 32.) This finally resulted in a decree against The Hall's Safe Company and the Hall Brothers, substantially in accordance with the prayer of the bill, but which was reversed as to the Hall Brothers with directions to dis-

miss the bill as to them and a new injunction ordered as to the company, enjoining it from carrying on the safe or vault business in the name of The Hall's Safe Company, or any other name having similarity to the name Hall's Safe and Lock Company, *without also giving information to the public that it is not the business formerly carried on by the Hall's Safe and Lock Company,* and from marking, advertising or otherwise designating its safes and vaults as the products of the Hall's Safe and Lock Company or its successors in business, or pretending that it is carrying on the business started by Joseph L. Hall and continued by the Hall's Safe and Lock Company; and from interfering in any manner with the exclusive right of the complainant to possess and enjoy the good will acquired by the Hall's Safe and Lock Company and from using the trade name of said last named company *without at the same time so qualifying such trade name as to show that the trade name used is not the one formerly used to designate the products of the Hall's Safe and Lock Company.* See *Hall's Safe Co. et al v. Herring-Hall-Marvin Safe Co.,* 146 Fed. Rep., 37, p. 44 of opinion, and copy at close of this brief.

It is proper to state at this point, that, as to the decree entered by the learned Circuit Court of Appeals for the Sixth Circuit, all the parties thereto joined in a motion to this court for a writ of certiorari, which has been granted, and that cause is now pending on the docket of this court at this term, as Number 136.

Petitioner, James W. Donnell, had been a member of the firm of A. L. Deane and Company, which firm

had for many years in Chicago, sold safe and vault work of the Hall manufacture and continued so to do up to the time when the first Herring-Hall-Marvin Company was formed in 1892 and acquired the property of Hall's Safe and Lock Company of Ohio, by bill of sale. This succeeding company terminated the agreement between the selling company and A. L. Deane and Company (Trans., 236), but A. L. Deane and Company continued to act as selling agents, to some extent, of the Herring-Halll-Marvin Company until their failure in 1898. In February, 1898, your petitioner and A. L. Deane, now deceased, incorporated the Hall Safe and Lock Company of Illinois, believing they had the right to use the name. (Trans., 107-115-116.)

Inasmuch as the Hall Safe and Lock Company has abided the interlocutory decree of December, 1904, ordering it to discontinue business in that name, it is not necesary or important now to justify or explain that step further than to say that the evidence in the record warranted the conclusion on the part of petitioner that the Herring-Hall-Marvin Safe Company had abandoned the Hall name except as a part of its corporate designation, it appearing that the original Hall's Safe and Lock Company of Ohio, had dissolved, ceased doing business and surrendered its charter, that the succeeding Herring-Hall-Marvin Company had for some years after its organization, sold its product under its own name and not under the name of Hall's Safe and Lock Company, or the other constituent companies out of which it was formed, and that the Hall Brothers had consented, or, at least not objected, to the use

of the Hall name. Moreover, the Illinois corporation complied with the interlocutory decree and is not here assigning error on the final decree nor seeking any relief; hence, the fact of the formation of this Illinois company is not now important.

It will be remembered that by the injunctional order of December 13, 1904, dismissing the original bill filed in this cause, petitioner and the respondent, Hall Safe and Lock Company, were denied the right to further use the corporate name of Hall Safe and Lock Company, or any other name similar or liable to be mistaken for said Hall Safe and Lock Company, in carrying on the safe and vault business (Trans., 49 and 50), but were permitted twenty days in which to make the necessary arrangements to carry on their business in some other name, and accordingly, a corporation was at once organized under the laws of the State of Illinois, named the Donnell Safe Company, of which your petitioner is president (Trans., 359), and all steps were taken to comply with the injunctional order of December 13, 1904, in every respect. That this order has been fully observed will not be seriously questioned.

The final decree recites the incorporation of the Donnell Safe Company, and that it has succeeded to the business of the Hall Safe and Lock Company of Illinois, and enjoins that company and your petitioner, its and their successors, assigns, agents, servants and employes from advertising or offering safes or vaults for sale as "Hall's Safes," or by any name of which the word "Hall" is a part, except or unless the safes so offered were manufactured by the original Hall's Safe and Lock Company of Ohio,

or its successors in business, Herring-Hall-Marvin Company, its receivers, or the present Herring-Hall-Marvin Safe Company, and the effect thereof, is to restrain the Donnell Safe Company (though not a party) and your petitioner, from selling the product of the Hall's Safe Company of Ohio, and to this extent at least, the right of Hall's Safe Company of Ohio to market its product in the City of Chicago and throughout the Seventh Judicial Circuit is denied. This decree is affirmed by the learned Court of Appeals for the Seventh Circuit, doubtless upon the conclusion that Hall's Safe Company of Ohio has no right to carry on its safe and vault business under that corporate name, although its was organized and is managed, directed and controlled by three of the sons of Joseph L. Hall, the original founder of the business in Cincinnati, and notwithstanding it is not a party to this suit.

The real question, then, is, although petitioner is under no contract relation whatever with the Herring-Hall-Marvin Safe Company, and no such relation exists or has existed between the incorporators of the Hall's Safe Company of Ohio and the Herring-Hall-Marvin Safe Company, whether, upon such restrictions and regulations as a court of chancery may reasonably impose in order to avoid deception of or misapprehension on the part of the public, the Messrs. Hall of Cincinnati, Ohio, organized as the Hall's Safe Company, may carry on the safe business in which their lives have been spent, and make and sell its product under a corporate name containing their own family name and surname; and further, whether your petitioner, or the Donnell Safe Company, or any one, may sell that

product under like regulations? In other words, the question is, should your petitioner be prevented from disposing of the product of "Hall's Safe Company" throughout the Seventh Judicial Circuit, while Hall's Safe Company everywhere else in the United States and the world, may sell its product under certain restrictions against deceit either by itself, its agents, your petitioner, Donnell Safe Company, or any one else?

This inquiry is imperative in this, that upon an identical state of facts, governing and controlling the learned Courts of Appeals for the Sixth and Seventh Circuits, have reached conclusions wholly different and opposed to each other. In the judgment of the learned Court of Appeals for the Sixth Circuit, the product of Hall's Safe Company, by that trade name, may be made and be sold upon restrictions as to deception to the public that will fairly inform all intending purchasers that the safes and vaults made by the Messrs. Hall, using their family name, is not the product of the successors of the original Hall's Safe and Lock Company of Ohio. In the opinion of the learned Court of Appeals for the Seventh Circuit, such manufacture and sale is prohibited without condition. Both opinions cannot be right. Which, if either, is?

This leads us to an examination of the authorities, but we believe one case only recently decided by this court establishes the following propositions definitely and finally:

I.

A family surname is incapable of exclusive appropriation by anyone as against others of the same name, who are using it legitimately in their own business.

II.

In the absence of contract, fraud or estoppel any man may use his own name in all legitimate ways and as the whole or part of a corporate name.

III.

One corporation is not entitled to restrain another from using in its corporate title the name to which others have a common right.

IV.

The essence of the wrong in unfair competition, consists in the sale of the goods of one manufacturer or vendor, for those of another. And if competition is so conducted as not to mislead the public nor palm off the goods of one as those of another, no wrong exists.

V.

The right of the individual to use his own name, reputation and experience in that business or occupation for which he is best fitted, is important to the public as well as to the individual, and to deprive him of that right is in restraint of trade and against public policy.

VI.

The stockholders of a corporation which has sold its property, business and good will and has been dissolved, in the absence of individual contracts not to engage in competition, or after the expiration of such contracts by limitation, may engage in competition to the same extent as anyone else.

Howe Scale Co. v. *Wyckoff, et al,* 198 U. S., 118.

Brown Chemical Co. v. *Meyer,* 139 U. S., 540.

Singer Mfg. Co. v. *June Mfg. Co.,* 163 U. S., 169.

Elgin National Watch Co. v. *Illinois Watch Co.,* 179 U. S., page 665.

Goodyear Indian Rubber Mfg. Co. v. *Goodyear Rubber Co.,* 128 U. S., 598.

Canal Co. v. *Clark,* 13 Wall., 311.

Columbia Mill Co. v. *Alcorn,* 150 U. S., 460.

Lawrence Mfg. Co. v. *Tenn. Mfg. Co.,* 138 U. S., 537.

McLean v. *Fleming,* 96 U. S., 645.

Coats v. *Merrick Thread Co.,* 149 U. S., 562.

Oregon Steam Navigation Co. v. *Winsor,* 20 Wall., 64.

Very many other cases reported in the federal and state courts and the courts of England are in harmony with this court, but we need not cite them.

The most recent case on this subject is that of *Howe Scale Company* v. *Wyckoff, et al., supra,* which establishes the erroneous nature of the decree complained of. In that case Mr. Chief Justice FULLER speaking for this court said:

> "It is said that the use of the word 'Remington' in the name 'Remington-Sholes' was unnecessary as if necessity were the absolute test of the right to use. But a person is not obliged to abandon the use of his name, or to unreasonably restrict it. The question is, whether his use is reasonable and honest, or is calculated to deceive. It is a question of evidence in each case whether there is false representation or not. *Burgess* v. *Burgess,* 3 De G. M. & G., 896."

In the case cited by the learned Chief Justice, one John Burgess carried on an extensive trade in the manufacture and sale of fish and other sauces in London at 107 Strand. Among other sauces which he manufactured was one called "Essence of Anchovies." The plaintiff was a son of John Burgess, in partnership with his father, and continued the business at the same place after his father's death. The plaintiff had two sons, William Harding and John James, whom he employed. Afterwards, William Harding Burgess started in the same line of business for himself. Over his shop he put the words "W. H. Burgess, late of 107 Strand," and on the side of his shop door a plate with the words "Burgess's Fish Sauce Warehouse, late of 107 Strand." In his advertisement he followed closely the advertisement of the plaintiff. The plaintiff brought suit for an injunction and Vice Chancellor Kindersley restrained the defendant from continuing to use the words after his name, "*late of* 107 *Strand,*" and also the word's "*Burgess's Fish Sauce warehouse, late of* 107 *Strand,*" but refused to enjoin the defendant, W. H. Burgess in any other respect. On appeal, the Lord Justice Turner de-

livered the following opinion from which the quotation found in the opinion in this court in the *Howe Scale Company* case was extracted.

> "I concur in the opinion that this motion should be refused with costs. No man can have any right to represent his goods as the goods of another person, but in applications of this kind, it must be made out that the defendant is selling his own goods as the goods of another. Where a person is selling goods under a particular name, and another person, not having that name, is using it, it may be presumed that he so uses it to represent the goods sold by himself as the goods of the person whose name he uses; but where the defendant sells goods under his own name, and it happens that the plaintiff has the same name, it does not follow that the defendant is selling his goods as the goods of the plaintiff. It is a question of evidence in each case, whether there is false representation or not. Looking at the labels before us, I think it is clear that, since the order made by the Vice Chancellor, there has been no representation made on the part of the defendant that the goods which he is selling are the goods manufactured by the plaintiff."

Lord Justice Knight Bruce also delivered an opinion, which has been referred to as epigrammatic, as follows:

> "All the Queen's subjects have a right, if they will, to manufacture and sell pickles and sauces, and not the less that their fathers have done so before them. All the Queen's subjects have a right to sell these articles in their own names, and not the less so that they bear the same name as their fathers; nor is there anything else that this defendant has done in question before us. He follows the same trade as that his father follows and has long followed, namely, that of a manufacturer and seller of

pickles, preserves, and sauces; among them, one called 'essence of anchovies.' He carries on the business under his own name, and sells his essence of anchovies as 'Burgess's Essence of Anchovies,' which in truth it is. If any circumstance of fraud, now material, had accompanied, and were continuing to accompany, the case, it would stand very differently; but the whole case lies in what I have stated. The whole ground of complaint is the great celebrity which, during many years, has been possessed by the elder Mr. Burgess' essence of anchovies. That does not give him such exclusive right, such a monopoly, such a privilege, as to prevent any man from making essence of anchovies, and selling it under his own name. Without, therefore, questioning any one of the authorities cited, all of which I assume to have been correctly decided, I think that there is here no case for an injunction."

Lord Esher, commenting on it, in a later case, said:

"I do not think that a truthful proposition is a bit worse because it is put in an epigrammatic form. It fixes the proposition on one's memory and when I look at the judgment of Lord Justice Knight Bruce, I can see no difference in the smallest respect between that judgment and the judgment of Lord Justice Turner, which immediately follows it except in the form of expression."

Turton v. *Turton*, L. R. 42 Chancery Division, 128, 136.

In *Howe Scale Co.* v. *Wyckoff, Seamans & Benedict, supra,* this court said:

"We hold that in the absence of contract, fraud or estoppel any man may use his own name in all legitimate ways and as the whole or any part of a corporate name and, in our view, defendant's name and trade-mark were not in-

tended or likely to deceive, and there was nothing of substance shown in defendant's conduct in their use constituting unfair competition or calling for the imposition of restrictions lest actionable injury might result as may confessedly be done in a proper case."

The original Hall's Safe and Lock Company had been out of business for many years at the time when this suit was started and it seems almost fanciful to suppose that one purchaser in ten would care at all whether he was buying a safe from the successors in interest of that corporation or not. It seems much more reasonable to suppose that he would feel better satisfied if he desired a Hall Safe to purchase one from the sons of the original vendor of that safe business than a safe made by a trade successor. Indeed, it would seem that it would hardly be necessary to impose the restrictions upon the sale of their product decreed against the Hall's Safe Company by the Circuit Court of Appeals for the Sixth Circuit.

The decree here objected to is so gravely wrong in its extreme breadth, that it should not be permitted to stand. It was claimed in the trial court and in the Court of Appeals for the Seventh Circuit, and it is insisted upon now that the decree here in question, cannot be sustained unless it shall be held that the Herring-Hall-Marvin Safe Company has the *exclusive right* to the use of the name Hall in the manufacture and sale of safes and vaults. We submit the decree is wrong because it is contrary to the law laid down by this court in *Howe Scale Company* v. *Wyckoff, Seamans & Benedict, supra*, as well as opposed to the well considered decisions of many other courts of great respectability.

This court has said in the *Howe Scale Company* case, *supra:*

> "It is well settled that a personal name cannot be exclusively appropriated by anyone as against others having a right to use it. * * * We hold that in the absence of contract, fraud or estoppel any man may use his own name in all legitimate ways and as the whole or part of a corporate name."

There is in this case *no* contract and by a proper use of the name the other exceptions mentioned by this court in the foregoing extract from the opinion can be provided against by an appropriate decree.

With reference to the matter of fraud or estoppel, as before stated, we deem it unnecessary to justify the acts of petitioner in organizing the Illinois corporation as The Hall Safe and Lock Company of Illinois, except in so far as we think it is shown he did so believing that he had a legal right so to do and he did so with the acquiescence or at least without the objection of the corporation organized by the Hall brothers, or the Herring-Hall-Marvin Safe Company. (Trans., 107-115-116-119-131-231-260-261-262.)

Any fraud or estoppel so far as the manufacturer The Hall's Safe Company is concerned, is very fully and almost unnecessarily guarded by the decree entered by the learned Court of Appeals for the Sixth Circuit.

The learned Court of Appeals for the Sixth Circuit, which had before it, and considered the opinion of the learned Court of Appeals for the Seventh Circuit, and expressly referred to it in its decision, *Hall's Safe Co.* v. *Herring-Hall-Marvin Safe Com-*

pany, 146 Fed. Rep., 37, reversed the decree of the Circuit Court for the Southern District of Ohio in so far as the Hall Brothers were concerned and modified the injunction granted by substituting in lieu of the sweeping decree entered by the Circuit Court, an injunction enjoining:

> "The defendant, the Hall's Safe Company, its servants, agents, officers and employes from carrying on the safe or vault business in the name of The Hall's Safe Company, or any other name having similarity to the name Hall's Safe and Lock Company without also giving information to the public that it is not the business formerly carried on by the Hall's Safe and Lock Company, and from marking, advertising or otherwise designating its safes and vaults as the products of Hall's Safe and Lock Company, or its successors in business or pretending that it is carrying on the business started by Joseph Hall and continued by the Hall's Safe and Lock Company and from interfering in any manner with the exclusive right of the complainant to possess and enjoy the good will acquired by the Hall's Safe and Lock Company and from using the trade name of said last named company without at the same time so qualifying such trade name as to show that the trade name used is not the one formerly used to designate the products of the Hall's Safe and Lock Company."

By the decree of the learned Court of Appeals for the Seventh Circuit, the decree of the Circuit Court, granted in pursuance of the prayer of the cross-bill, enjoined your petitioner

> "From carrying on the safe and vault business in the name of Hall's Safe and Lock Company, or any name of which the name Hall is a part, and from marking their safes with any name of which the word 'Hall' is a part, or

> from advertising or offering for sale safes or vaults as 'Hall's Safes' or by any name of which the word 'Hall' is a part, except or unless the safes so offered shall have been actually made and manufactured by the original Hall's Safe and Lock Company of Ohio, or its successors in business, the Herring-Hall-Marvin Company, the receivers thereof, or the Herring-Hall-Marvin Safe Company."

It thus appears that by the decree of the learned Court of Appeals for the Seventh Circuit, the product of the Hall's Safe Company of Ohio, may not be sold by petitioner, with or without any explanation as to source of manufacture, thus depriving him of the right to sell a product in one circuit that is freely permitted to be manufactured and sold by everyone elsewhere provided at all times that proper explanation as to source of manufacture is given. Moreover, not only is petitioner deprived of the right to sell, but the Hall's Safe Company of Ohio is also deprived of the right to sell within the limits of the Seventh Circuit, either through petitioner or through anybody else, and if it or any one other than petitioner, should attempt to sell the product of the Hall's Safe Company, it or they could be promptly enjoined under the decree of that learned court.

It is well to bear in mind that the Hall's Safe Company was not a party to this proceeding in any way. This fact did not, of course, escape the attention of the learned Court of Appeals for the Seventh Circuit because it is thus commented upon by it in its opinion:

> "The question, therefore, whether the appellee's (Herring-Hall-Marvin Safe Company)

rights in the name 'Hall' as applied to its safes are exclusive, thus arises for review under the scope of the decree. We do not understand from the brief or oral argument of counsel for appellants, that it is contended that use of this trade name by appellee was without right, and certainly the rightful use is not questionable under the terms of the conveyance and the subsequent participation by the Hall family in such use—but the contention is that the right is not exclusive, and that the Hall family, at least, have an unrestricted right to employ the name in their rival trade. In other words, the only issue is, whether the conceded like use by the Ohio manufacturer, Hall's Safe Company, is legitimate. It must be determined as between the parties to this record for the reason that the contention for modification of the decree rests solely on the assumed rightfulness of the manufacturer's adoption of the name; so that neither the fact that the Ohio corporation is not present as a party, nor the more embarrassing fact that litigation is now pending between that corporation and the present appellee, involving the same issue, will justify evasion of the inquiry."

Nor did the conduct of the Illinois corporation and the alleged misconduct have any bearing upon the decision because the court says:

> "Unless the rights of the appellee are exclusive in the trade name 'Hall' as applied to their safes and vaults, irrespective of the just limitations in its use on the part of appellants arising out of their prior trade relation with appellee, it is obvious that the decree cannot be upheld without modification."

In other words, there was no question and there can be no question now, that in the judgment of the learned Court of Appeals for the Seventh Circuit,

Herring-Hall-Marvin Safe Company possesses the sole and exclusive right to use the name "Hall" in the manufacture and sale of safes and that the sons of Joseph L. Hall, the founder of Hall's Safe and Lock Company have no right to use their family surname in that business. This alone is clearly with great deference, we submit, reversible error.

Further analysis of the opinion of the learned Court of Appeals for the Seventh Circuit, shows that it is assumed that certain contract relations existed between respondent, Herring-Hall-Marvin Safe Company, and Edward C. and William H. Hall, by reason of their participation as stockholders in the sale of the old Hall's Safe and Lock Company's assets to the Herring-Hall-Marvin Company, and their employment by the latter company which prohibited them from using in the safe business the surname "Hall" either as a part of a corporate name or as descriptive of their products.

The facts with reference to that subject, are fully contained in the record and are briefly as follows:

Edward C. Hall and William H. Hall were stockholders, officers and directors of Hall's Safe and Lock Company when in May, 1892, that corporation conveyed by bill of sale, its assets and good will to the Herring-Hall-Marvin Company. It may be fully and freely conceded that the conveyance of its good will barred the corporation from ever afterwards resuming business using that or a similar corporate title. No such contract was made by the stockholders. No contract relation existed preventing in any way, shape or manner individual stockholders from using their own names in the safe

business, either as persons or in a corporate title, except in the limited covenant made by the two Halls effective only while they remained with the new company and ineffective upon their release and discharge from their obligations to the new company. This question was fully considered by both learned Courts of Appeal. The cases cited in support of the proposition that the acts of a corporation bound the stockholders, officers and directors of that corporation, were

McKinly v. *Wheeler*, 130 U. S., 630, and

Anthony v. *American Glucose Co.*, 146 N. Y., 407,

and discussing those cases, Mr. Justice SEAMAN, speaking for the Seventh Circuit, said:

> "The general rule for which the appellants contend that the family surname is incapable of exclusive appropriation by anyone, as against others of the same name, who are using it legitimately in their own business, is too well settled to require citation or review of authorities. But the exceptions above mentioned, which makes the use illegitimate, are equally well settled, and we are of opinion that the general rule is not applicable to the trade name 'Hall' thus applied to the product of the new corporation and that the use was both fraudulent and in derogation of the rights acquired by the appellee under the conveyance by the original Hall corporation. The fact that such conveyance was not executed by the Halls, as individuals, cannot absolve them from the obligations of a contract made in a corporate name wherein they are individually the beneficiaries. As stated in *McKinly* v. *Wheeler*, 130 U. S., 630, 636, 'the court, when necessary, will look beyond the name of the corporation to the individuals whom it represents.' See opinion of Judge Baker, speaking for this court in *Seamens-*

> *Halske Electric Co.* v. *Duncan Electric Mfg. Co., et al.*, decided October 3, 1905. The corporate form of the transfer will not be permitted 'to distort or hide the truth (*Anthony* v. *American Glucose Company*, 146 New York, 407, 413), but a court of equity will treat the contract in conformity with its true meaning.'"

Mr. Justice SEVERENS, speaking for the learned Court of Appeals for the Sixth Circuit, said, referring to *McKinly* v. *Wheeler, supra*, and *Anthony* v. *American Glucose Co., supra*, as

> "cases cited to support their contention that the court may look through the form of the corporate organization and fasten upon the stockholders a liability for the acts of the corporation, do not support such a doctrine as applicable to contract relations. They were all cases where for special purposes and under special circumstances the court held that it was competent and proper to regard the rights and duties of stockholders in corporations. None of them impugns the general rule above stated that in matters of contract the officers and agents of a corporation are not bound personally by stipulations made by them in behalf of their principal. This rule is not affected by the circumstances that they are indirectly interested as stockholders in the contracts of their corporation. If it were so, it would break down all distinction between the corporate entity and its component parts."

The opinion of the Circuit Court of Appeals for the Seventh Circuit was delivered January 11, 1906, and the opinion of the Sixth Circuit on June 20, 1906. From a further examination of the opinion of the latter court it will appear that it carefully considered another feature in the opinion of the Court of Appeals for the Seventh Circuit. Mr. Justice SEVERENS said:

"It is true that the learned judge who delivered the opinion said *arguendo* that the court might look behind the corporation and find whether there were equities between the Harring-Hall-Marvin Company and the members of Hall's Safe and Lock Company, which would attach to Hall's Safe Company, of which they are now members, and concluding there were such equities, proceeded to deduce the consequences. Without repeating what we have said upon this subject, we are constrained to think that defendants, Hall, were not bound individually in law or in equity by the contract of their corporation."

The discussion of the vital question by the learned court below is somewhat meagre. It is substantially all contained in that portion of the opinion beginning at the third line from the bottom, page 387, of the transcript and running over the next page.

The learned court announces the conclusion that under some supposed exceptions to the rule laid down by this court in *Howe Scale Co.* v. *Wyckoff* the use by the Halls of their own name was both fraudulent and in derogation of the rights acquired by the appellee under the conveyance by the original Hall corporation, and then observes, as already quoted:

> "The fact that such conveyance was not executed by the Halls as individuals cannot absolve them from the obligations of a contract made in the corporate name wherein they were individually the beneficiaries."

This is certainly a very startling proposition when it is remembered that they did *as individuals* sign written contracts on this very subject. When it is further understood that the only way in which

the Halls were beneficiaries in this contract was that they were shareholders and officers in the corporation which made it and took service with the purchasing company, it is quite inconceivable that there is any such general principle of law as that which the learned court thus stated. That is was not merely an inadvertance is apparent by the conclusion reached by the court, which is that the Halls are virtually parties to the contract and may, therefore, be enjoined accordingly.

On this theory the same result would have been reached if the persons organizing a new company to carry on the same business as the old company in competition with the New Jersey company had been named, for instance, Thompson instead of Hall. Suppose that two men of that name had been stockholders in the old Hall Company at the time it had sold its property, good will, etc., to the combination and had been officers in that company and as such officers had negotiated and executed the conveyance through which the combination acquired title and entered the service of the purchaser. That document contains a covenant on the part of the Hall Safe and Lock Company by which that company binds itself not thereafter to engage in or carry on any business whatsoever and that it will as soon as practicable pay and discharge all its debts and liabilities, go into liquidation and procure itself to be wound up and dissolved in accordance with the laws of the State of Ohio.

On the question whether by this covenant individuals thus related to the transaction are bound, what their names are is immaterial.

If the reasoning of the learned court below is sound, the officers of the Hall Company under such circumstances, even though their names were not Hall, could not organize a company employing their own name in its corporate name and carry on business in competition with the combination because as officers and stockholders in the Hall Company they must be regarded as bound by the covenants of that company and because such competition would be, to the extent of their identification with the business of the old Company, injurious and harmful to the purchaser.

It would seem that to state this proposition is all that is necessary to demonstrate its essential unsoundness. Certainly no principle is better settled in the construction of contracts of this character than that they are to be strictly construed and impose no restraint upon trade or the useful activities of men beyond that which is clearly expressed by the language of the covenant.

But even upon the broadest and most liberal principles of construction it is quite impossible, if so much may be said with deference to the court below, to sustain its conclusion in this regard. It would appear as if that learned court in the effort to find some proposition of law upon which it could base its decision, induced undoubtedly by the idea referred to in the opinion that this use of the Hall name by the sons of Joseph L. Hall was fraudulent, had been led to a position that is quite untenable.

But this is not all. Whether this court can take judicial notice of the fact or not, it is not unusual where a corporation sells its plant, property, good

will, etc., to another, to seek by contract to secure the services of those who have been long connected with the selling corporation and are identified in the trade with its business and product and in the same way to guard against their competition thereafter with the purchaser as well as against that of the selling corporation itself. That is precisely what was done in this case, as has been already stated. Both Edward C. Hall and William H. Hall entered into contracts with the Herring-Hall-Marvin Company, covering this point. The contract of Edward C. Hall provided that he would hold the office of president of the new company, and would devote all of his time and give his best energies to promoting the business of that company in that office and otherwise at a stipulated salary. This contract also contained a covenant that Mr. Hall would not *so long as the company might desire to retain his services,* as above indicated, engage either in the State of Ohio or of New Jersey or in any of the states east of the Mississippi in the business of manufacturing, selling, buying or dealing in fire or burglar proof vaults and safes, or in any business or occupation such as the Hall Safe and Lock Company was authorized or empowered to engage in, or in any other business which would or might compete or interfere in any manner with the business of the Herring-Hall-Marvin Company. (Trans., 233.)

The contract of William H. Hall provided that he should hold the office of treasurer and contained similar provisions to those just recited and a similar covenant.

It would appear, therefore, to be quite clear that

the purchasing company did not suppose that its contract with the selling company was susceptible of any such construction as that which the learned court below has sought to give it, and therefore, in order to secure the rights which apparently its learned counsel now claim against the Messrs. Hall, by virtue of the contract with the company, it took personal contracts from those gentlemen specifying distinctly the extent and nature of their several obligations towards the purchasing company.

If the question were otherwise doubtful, it is quite apparent that in view of these definite written contracts between the purchasing company and the Messrs. Hall, which attempt apparently clearly to prescribe the nature and extent of the obligations in respect of active service and of restrictive engagements which the Messrs. Hall assumed towards that company, it would be quite impossible, upon any sound principle of construction, to extend those obligations beyond the terms of these personal contracts. If, in the absence of these contracts, upon any possible theory some sort of equitable obligation could have been imposed upon these gentlemen in virtue of their relation to the selling company and their participation in the negotiations preceding its sale to the new company and in the execution of the contract of conveyance to the latter company, the express provisions of the definite written contracts between them and the new company would certainly displace any vague inference of law that might thus be sought to be drawn against them on the principle that where parties enter into an express contract touching certain matters, this is re-

garded as embodying their agreement in its full extent and no further or different contract can be raised by implication of law.

There is no claim nor suggestion that either the Hall Company nor the Halls as individuals did not fully, fairly and exactly perform their several agreements in this regard.

These gentlemen had been in this business all their lives, during his lifetime, with their father. When that business was sold out to the New Jersey corporation and after that corporation in which the Halls held considerable stock had proved to be in a measure unsuccessful and after it had dispensed with the services of these gentlemen under contracts which plainly seemed to contemplate that in this contingency they should be free to go into the old business, what is more natural than that they should engage in it and of course under their own names? It is not possible upon any clear view to uphold the position of the court below that their right to do so has been in any way lost or impaired by contract.

The learned court below concedes (Trans., 387) that this was their right unless barred by contract, estoppel or fraud. That this right has not been lost by contract is, we think, demonstrable. There is no element of estoppel suggested and no definite suggestion of fraud. If it be true, as said by the Lord Justice Knight Bruce, that "all the Queen's subjects have a right, if they will, to manufacture and sell pickles and sauces and not the less that their fathers have done so before them and that all the Queen's subjects have the right to sell these articles in their

own names and not the less so that they bear the same name as their fathers,—it is equally true that all the citizens of the great Republic, if they have not contracted away this right, have the right, if they will, to manufacture and sell safes, not the less that their fathers have done so before them and have also the right to carry on such business in their own and in their fathers' names.

Certainly it must be conceded that the Halls would not have a right to sell their safes under such circumstances as to induce a belief in intending purchasers that they were the successors of the first Hall enterprise, except to the extent that the facts warranted; that is to say, they ought not to be permitted to hold themselves out as carrying on the same business as the successors by purchase of the old Hall business. The Circuit Court of Appeals for the Sixth Circuit having this in mind, held that the present Hall Safe Company might be properly enjoined from carrying on its business in that name without also giving information to the public that this is not the business formerly carried on by the Hall Safe and Lock Company, which was the original company, and from making and advertising its safes and vaults as the products of that company or its successors in business, etc. It is not necessary for the purposes of this case to combat this theory; that is a question perhaps which may be more appropriately discussed by counsel in No. 136, this term, in which certiorari was granted upon the petition to bring up the case decided in the Sixth Circuit.

The vital point is that there is no right to enjoin

the Halls from carrying on this business in their own name which arises from contract; and consequently no right to enjoin this petitioner from selling their product in the great market offered by Chicago; and that the only restraint which the respondent, the Herring-Hall-Marvin Safe Company is entitled to have imposed either upon the Halls or the petitioner is such as is necessary, all things being considered, to prevent them from deceiving the public into believing that the goods they sell are in fact those of the original Hall Safe and Lock Company or its lineal successor.

There is, however, no warrant of law for so stringent a provision as that directed by the court in the Sixth Circuit.

In *Burgess* v. *Burgess* the only requirement was that the defendant should cease to represent himself as the successor to his father's business. This he had done contrary to the fact as it is claimed the Halls did here. No effort was made to compel him to advise the public that he was not his father's successor. The truth is the public and the trade do not care half so much about these matters as some courts seem to suppose; and it is time the rather fantastic and sentimental notions of some of our federal judges at the circuit, countenanced as they have been to some extent by the Courts of Appeals, were corrected by a sober and judicious application of correct legal principles.

There is really nothing to be done in this case in the way of argument except to get the facts clearly before the court and then leave the case to be determined on the law so recently and clearly laid down by this court in the case referred to.

There can be no mistake on the question of fact, it clearly appearing that the corporation Hall's Safe and Lock Company, made and delivered its bill of sale covering its assets, including good will, as a corporate act, and that at the same time, the Hall Brothers entered into personal contracts of employment.

It further appears that the learned Court of Appeals for the Sixth Circuit, held that if the Herring-Hall-Marvin Company had desired to make the officers and agents of the selling corporation, subject to the stipulations of the company in the contract of sale, it should have required their personal agreement to that effect.

It must be conceded that the decision complained of is based upon the statement that the Hall Brothers "participated," or were in reality or in equity, parties to the conveyance. This, we think, we have shown, is error, legally speaking, and that as a matter of fact the Hall Brothers did not contract personally, and, as a matter of law, are not bound. Indeed, it is by inference at any rate, admitted in the opinion of the learned Court of Appeals for the Seventh Circuit, that in the absence of such contract relations between the Herring-Hall-Marvin Company and the Messrs. Hall, the decree would have been too broad as entered and would have to be modified, but that owing to the fact that the corporation of which the Messrs. Hall were stockholders, had sold, bargained and granted the good will of the selling corporation, they were bound personally to refrain from ever using that name in a competitive business or designating safes or vaults of

their product upon any corporate name of which the word "Hall" was a part. It is true, doubtless, that for purposes of remedy courts will, when necessary, look through the corporation to the stockholders. With questions of contract, courts consider the corporation and its stockholders as wholly distinct. The contract in this case, it must be admitted, was made by the corporation. It does not convey or purport to convey the individual rights of any stockholder either to go into like business or to use the family name in that business. The theory upon which the decision is predicated is that upon consenting to the making of the contract by the corporation, each stockholder became a personal party to it. The corporation agreed that it would not thereafter engage in the safe business, but by so doing, the stockholders did not so agree. Assent to corporate action must not be confounded with a contract for personal action. In addition to the authorities referred to by Mr. Justice Severens, in delivering the opinion of the court for the Sixth Circuit, we submit the language of Mr. Chief Justice TANEY in *Bank of Augusta* v. *Earl*, 13 Peters, 518, is in point:

> "Whenever a corporation makes a contract, it is the contract of the legal entity, of the artificial being created by the charter and not the contract of the individual members."

We do not emphasize the fact that because the Hall's Safe Company was not a party to the suit the learned Court of Appeals for the Seventh Circuit, should not have adjudicated anything regarding it, as that is too simple a proposition to merit discussion, but it is worthy of note that if petitioner is prohibited from selling the product of the Hall's

Safe Company, as such, under any circumstances, injunctive relief of the same drastic character could be obtained against any one, who would seek to become the selling agents of the Hall's Safe Company, or dealers of its products within the limits of the Seventh Circuit.

Indeed, Mr. Justice Seaman, while sitting as district judge in the case of *Grand Trunk R. R. Co.* v. *Chicago & E. I. R. Co.*, 73 C. C. A., 43, held that a defendant could not be required to litigate questions which primarily and directly involve issues of third parties not before the court. See opinion by Mr. Justice Jenkins in that case on appeal, on page 58, referring to the language of Mr. Justice Seaman, and citing *Swan Land & Cattle Co.* v. *Frank*, 148 U. S., 603, and *Minnesota* v. *Northern Securities Company*, 184 U. S., 199.

We submit, in conclusion of the discussion of the two conflicting opinions, that the question involved is of great moment and gravity. Both decisions cannot be correct, nor can they be so reconciled as to avoid misapprehension and confusion. Furthermore, the question involved is of such great commercial importance that there should be no diversity or contrariety of opinion on the subject of unfair trade or unfair competition, which will inevitably exist if both of these decrees and decisions are allowed to stand. We think no examination of the evidence is necessary because both courts agreed that the only contract was the corporate contract. The facts are in no wise disputed. It is not claimed that the Halls executed any contract personally, except the restrictive covenants to continue only dur-

ing their period of service, with Herring-Hall-Marvin Company, and from which they were expressly released when they left that company and before they organized the Hall's Safe Company, the present Cincinnati corporation, but it is held by one court and denied by the other that because they and their family were stockholders in the corporation which conveyed its assets and good will, and they thus profited in the distribution of the purchase price, and because of that fact alone, they are bound to abandon a business in which they have been engaged for their entire lives and which is the only business they know, without the use of the name they bear, which in law, in the absence of contract, they have a perfect right to use in all legitimate ways.

Whatever rights and obligations might, in the absence of express contract, have been implied in law on the relation of the two Halls to the old Hall Company, the sale by that company to the Herring-Hall-Marvin Company, and the connection of the Halls in the latter company, the parties saw fit to enter into express written contracts, and these contracts must be taken as the measure of their relative rights and duties upon the principle already stated that where parties enter into an express contract touching a certain matter, this must be regarded as embodying their agreement in its full exent, and no further or other contract can be implied. It is not claimed or suggested that either the old Hall Company or the Hall's individually did not fully, fairly and exactly perform their respective agreements in this regard. The learned Court of Appeals below, therefore, if

so much may be said, with deference, errs in referring to this case as one in which the element of contract cuts any figure.

Since the decision by this court of *Howe Scale Company* v. *Wyckoff, et al., supra,* the federal courts have had occasion to consider questions of unfair trade with reference to the doctrine announced by this court in the case last mentioned.

In *Bates Mfg. Co.* v. *D. Bates Mch. Co.,* 141 Fed. Rep., 213, LANNING, District Judge, said:

> "In *Howe Scale Co.* v. *Wyckoff, etc.,* 198 U. S., on page 140, it was said: 'We hold that in the absence of contract, fraud or estoppel any man may use his own name in all legitimate ways and as the whole or a part of a corporate name.'"

The facts in the *Bates Mfg. Co. case supra,* were these:

Edwin G. Bates and Samuel Insull in 1890, caused to be organized under the laws of the State of New York, the Bates Mfg. Co. for the manufacture and sale of numbering machines under patents, inventions, and processes theretofore owned by Mr. Bates. Bates thereupon assigned his patents to the corporation taking a part of its capital stock in consideration therefor. The company started its business with Bates as its general manager. In 1895 Bates sold out his stock and withdrew from the corporation. He thereupon began the manufacture and sale of numbering machines on his own account, and seems to have built up a business until some time in 1899 when he caused the Bates Machinery Company to be organized under the laws of New Jersey, and the latter company in 1904, put upon the market a

new hand numbering machine known as Number 149. This machine came in direct competition with certain of the machines of the Bates Mfg. Co. Bates Mfg. Co., as complainant, sought a preliminary injunction restraining the defendant, Bates Machinery Company, from 1st, using the name "Bates" in connection with the sale of automatic hand numbering machines; and 2nd, from imitating the labels on the boxes in which the complainant's machines are packed and placed upon the market.

The complainant contended that the defendant had no right to use the name Bates in connection with the sale of automatic numbering machines. This contention was founded on the assertion that Bates, when he became a party to the organization of complainant company in 1890, assigned to the corporation the sole and exclusive right to the use of his name in the manufacture and sale of hand numbering machines. The court said:

> "But in the proofs submitted by the defendant company this assertion is denied. A written agreement executed by Edwin G. Bates and Samuel Insul on September 30, 1890, is in evidence, but there is nothing in it to support the contention. If Bates transferred to the complainant company the exclusive right to use his name in the business above referred to, it must have been by some method not clearly disclosed in the proofs."

Von Faber and Castell v. *Faber*, 139 Fed. Rep., 257, was a case on appeal from the Circuit Court for the Southern District of New York, in which a decree for injunction, was reversed. COXE, Circuit Judge, speaking for the Court of Appeals, saying:

"In the recent case of *Howe Company* v. *Wyckoff, et al,* decided April 24, 1905, the Supreme Court has reasserted and reaffirmed in clear and unequivocal language, the right of every man to use his own name in all legitimate ways."

Indeed, the great weight of authority prior to the decision of the Howe Scale case, by this court, has been in conformity with the principles there announced. In the opinion of the learned Court of Appeals herein, after referring to the case of *Howe Scale Company* v. *Wyckoff, et al., supra,* this is said:

"The general rule for which the appellants contend,—that the family surname is 'incapable of exclusive appropriation by any one, as against other of the same name who are using it legitimately in their own business'—is too well settled to require citation or review of the authorities. But the exceptions above mentioned, which makes the use illegitimate, are equally well settled, and we are of opinion that the general rule is not applicable to the trade name 'Hall' thus applied to the product of the new corporation (The Hall's Safe Company) and that the use was both fraudulent and in derogation of the rights acquired by the appellee (Herring-Hall-Marvin Safe Company) under the conveyance by the original Hall corporation. * * *

"The recent decision in *Howe Scale Company* v. *Wyckoff, Seaman & Benedict, supra,* is relied upon by the appellants for support of their contention that the Halls were not deprived of the right to use the family surname by these transactions, but we are satisfied that the case is plainly distinguishable; that the contract elements above mentioned in the case at bar were not there present, and the decision was expressly grounded upon the absence of such obligations, together with the absence of deception

> or confusion in the use of the name Remington; and that the elements thus appearing in the present case are unmistakably recognized as excepted from the rule thus upheld."

With the greatest deference, we insist that there were no "contract elements" binding the Halls as individuals, nor deception, nor confusion not remediable by proper restrictions in a modified decree in that regard and that it is not possible to distinguish the situation here from the situation developed in *Howe Scale Company* v. *Wyckoff, et al, supra,* and that the controlling basic features of both cases are identical and that the conclusion reached by the learned Circuit Court of Appeals is in contravention of the opinion of this court.

We submit that the decree of the learned court of Appeals should be reversed with such directions only as to regulations and restrictions, if deemed necessary, as the canons of fair trade and honest competition require.

Respectfully submitted.

GEORGE P. MERRICK,
S. S. GREGORY,
Counsel for Petitioner.

APPENDIX.

No. 1494.

UNITED STATES CIRCUIT COURT OF APPEALS,

Sixth Circuit.

Halls Safe Company, Edward C. Hall, William H. Hall, and Charles O. Hall, *Appellants*, *vs.* Herring-Hall-Marvin Safe Company, *Appellee.*	Appeal from the Circuit Court of the United States for the Southern District of Ohio.

Submitted April 4, 1906.
Decided June 5, 1906.

Before LURTON, SEVERENS and RICHARDS, Circuit Judges.

SEVERENS, Circuit Judge, delivered the opinion of the court.

The parties to this controversy are engaged in the business of manufacturing and selling safes. The complainant is a corporation organized under the laws of New Jersey. The defendant, The Hall's Safe Company, is an Ohio corporation, and the other defendants are citizens of that state. The bill was filed for the purpose of obtaining an injunction restraining the defendants from carrying on the business of manufacturing or selling fire proof, or burglar proof safes or vaults under the name of "The

Hall's Safe Company," or under any other trade name substantially or essentially the same and calculated to deceive the public or intending purchasers into the belief that they are dealing with the complainant, or with the establishment founded by Joseph C. Hall and carried on by complainant, when they are dealing with the defendants, and from advertising their products as "Hall's Safes" and from marking them with that name; and for the recovery of profits and damages already lost and suffered by the complainant from acts of the like character. And there was a prayer for general relief.

The facts, about which there is not much controversy, are these: From about the year 1847 to 1867, one Joseph L. Hall had, in successive co-partnerships with other persons, been engaged at Cincinnati, Ohio, in the manufacture and sale of fire and burglar proof safes. In this business he had been the principal and managing member of his firms. In the latter year (1867) he with other persons organized a corporation under the laws of Ohio by the name of "Hall's Safe & Lock Company" for the purpose of carying on the same business. Its factory and principal office were located at Cincinnati, and its business of selling safes extended throughout the United States and into foreign countries. Its safes were known as "Hall's Safes" and "Hall's Standard Safes," and certain styles of them were marked "Hall's Standard Safes," and the safes had a good reputation. In March, 1889, the said Joseph L. Hall, who was at that time the principal stockholder in the corporation last mentioned died. His sons, Edward C., William H. and Charles O. Hall,

were also stockholders. The first two became successively presidents of the corporation. The stock of Joseph L. Hall continued part of his estate and the business went on as before until May 4, 1892, when the corporation sold to the Herring-Hall-Marvin Company, a New Jersey corporation, all its "real estate and leasehold interests, tools, machinery, fixtures, merchandise, trade marks, trade names and good will"; and the Hall's Safe & Lock Company covenanted and agreed that it would close up its affairs and be dissolved, and would not in the future engage or continue in said business. This sale and agreement was assented to by the above named sons of Joseph L. Hall, who are the individuals made defendants in this cause. Edward C. Hall and William H. Hall at or about the date of the transfer became stockholders, (as we must suppose) directors, and respectively president and treasurer of the Herring-Hall-Marvin Company, at stated salaries agreed upon at the time of said transfer. But in 1895, these persons were deposed from their offices and their salaries reduced, and on August 1, 1896, they resigned their offices as directors. Their resignations were accepted, and they withdrew from the company. At the time when these parties became associated with the Herring-Hall-Marvin Company a written agreement with that company was entered into by each of them, which after stating the terms of their employment contained the following stipulation:

"And in consideration as aforesaid, I, the said Edward C. Hall (in the other contract, William H. Hall) do hereby covenant, promise and agree that

I will not, so long as the Herring-Hall-Marvin Company may desire to retain my services as above, engage, either in the state of Ohio, or in the state of New Jersey, or in any of the states east of the Mississippi river, in the business of manufacturing, selling, buying or dealing in fire or burglar proof vaults and safes, or in any business or occupation such as the said corporation known as the Hall's Safe & Lock Company has heretofore been engaged in, or such as the Herring-Hall-Marvin Company is authorized or empowered to engage in, or in any other business which will or may compete or interfere in any manner with the business of the said Herring-Hall-Marvin Company."

In September, 1896, Edward C. Hall, William H. Hall, Charles O. Hall and other persons organized a corporation under the laws of Ohio, by the name of "The Hall Safe Company," the corporate defendant herein, and this company shortly thereafter went into the business of manufacturing and selling safes. A bill in equity was soon after filed in the Circuit Court of the United States against the new company by the Herring-Hall-Marvin Company complaining that the former was infringing its trade and good will and praying for an injunction. While that suit was pending, the Herring-Hall-Marvin Company became insolvent and a receiver was appointed. A new corporation was organized in New Jersey, the complainant in this suit, an order of the court for a sale of the assets of the old company was obtained and the new company became the purchaser in December, 1900, by a deed which purported to convey to the complainant all the real estate, personal prop-

erty, manufacturing plant, tools, machinery, merchandise, assets, franchises, property and good will of the Herring-Hall-Marvin Company. The bill in that case was dismissed upon a ground not now material, but without prejudice. Not long after the present bill was filed by the new company.

The *gravamen* of the complaint is that the defendants invade and injure the good will and reputation of the complainant's business by the adoption of the corporate name of the defendant, "The Hall's Safe Company" and also by inducing the public through advertisements, circulars and other representations to believe that their safes are the product of the complainant's business. The defendants admit the acquisition by complainant of the properties, including the good will, of The Hall Safe & Lock Company, but claim that the individual defendants were not by the sale of the latter company deprived of the right to organize a new company which shall include their family name, and that the name of "Hall's Safe Co." is one which may lawfully be adopted. The defendants also filed a cross-bill in which they charge complainant with unfair conduct in seeking to divert the defendant's trade by false representations concerning it. The complaint of the cross-bill was that the defendant therein had some time prior to the comencement of this suit removed its manufacturing plant from Cincinnati to Dayton, Ohio, and had directed all mail addressed to the Hall Safe & Lock Company at Cincinnati to be forwarded to it at Dayton; and that it was holding itself out as the Hall Safe & Lock Company or Hall Safe & Lock Works, and the like, and was rep-

resenting by its signs, advertisements, publications and stationery that it was the "Successor of Hall's Safe & Lock Co.," or was "Operating Hall's Safe & Lock Works," or was making and selling "Hall's Safes." And upon answer and replication evidence was taken upon those matters. The court below dismissed the cross-bill and decreed for the complainant upon the original bill, awarding an injunction. Complaint is made of the decree, that it is vague and uncertain in respect to the things which the defendants are restrained from doing, a matter to be recurred to later on.

Counsel for complainant contend that it is entitled to the relief it demands by virtue of the contract between it and the Hall Safe & Lock Company by which it acquired the property and good will of the latter company, and that its rights are not to be measured by the rules and principles which apply in the case of unfair competition in trade. And it is argued that this consideration distinguishes the case from that of *Howe Scale Co.* v. *Wyckoff, Seamans, etc.*, 198 U. S., 118, where there was much discussion of the extent of the right of a person to use his own name in the conduct of his business, whether it be his private business or that of a corporate business in which he is associated with others, and reference is made to the language of the chief justice at page 140, where he says:

"We hold that in the absence of contract, fraud or estoppel, any man may use his own name, in all legitimate ways, and as the whole or a part of a corporate name."

Upon this contention it becomes important to de-

termine what were and are the relations between the complainant and its predecessor in title and the several defendants. Undoubtedly the Herring-Hall-Marvin Company acquired by its contract of purchase with the Hall Safe & Lock Company all its physical properties and the good will which it had acquired in its business as well as the right to use such trade names as had been customarily used to identify its products. It acquired also the right to require that the Hall Safe & Lock Company should go out of business, or, in substance, that it should not longer engage in business of the kind which it sold to the Herring-Hall-Marvin Company. But it is contended that the contract reaches beyond the corporation, the Hall Safe & Lock Company, and binds the defendants who were stockholders and officers of the corporation and prevents them and any corporation of which they may become stockholders and managers from doing what the Hall Safe & Lock Company could not do; and the principal reason for this contention is the fact that these individual defendants participated in the sale and as stockholders received its benefits. We are of opinion that this proposition cannot be sustained. The contract which the Herring-Hall-Marvin Company had was with the corporation only and not with its stockholders or officers. The officers who conducted the business of the selling company were not parties to the contract. It is a familiar rule that an agent, who having lawful authority makes a contract with another for a known principal, does not bind himself but his principal only.

Story on Agency, Section 261.
Mechem on Agency, Section 555.
Whitney v. *Wyman*, 101 U. S., 392.

And the officers of a private corporation in respect to their liability on contracts entered into by them in behalf of the corporation stand upon the same footing as agents of private individuals.

21 Am. & Eng. Encl. of Law, 879.

Whitney v. *Wyman, supra.*

If the purchaser desired to make the officers and agents of the selling corporation subject to the stipulations of the company in the contract of sale, it should have required their personal agreement to that effect.

The cases cited by counsel for the complainant to support their contention that the court may look through the form of corporate organization and fasten upon the stockholders a liability for the acts of the corporation, do not support such a doctrine, as applicable to contract relations. These are *State* v. *Standard Oil Company,* 49 Ohio St., 137; *McKinley* v. *Wheeler,* 130 U. S., 630, and *Anthony* v. *American Glucose Co.,* 140 N. Y., 407. They were all cases where for special purposes and in special circumstances the court held that it was competent and proper to regard the rights and duties of stockholders in corporations. None of them impugns the general rule above stated that in matters of contract, the officers and agents of a corporation are not bound personally by stipulations made by them in behalf of their principal. This rule is not affected by the circumstance that they are indirectly interested as stockholders in the contracts of their corporation. If it were so, it would break down all distinction between the corporate entity and its component parts. Counsel for the appellee have

printed in their brief a recent decision, not yet published, of the Circuit Court of Appeals for the Seventh Circuit, in a case entitled *Hall's Safe & Lock Company and James W. Donnell* v. *Herring-Hall-Marvin Safe Co.* The suit was brought to restrain the defendant from using in its business the corporate name of the complainant as descriptive of its products. The defendant filed a cross-bill to restrain the complainant in the original bill from using the name of the Hall's Safe & Lock Company in their business of making and selling safes, and from selling such safes as "Hall's Safes." It appears from the opinion that Donnell had organized an Illinois corporation, the co-defendant, with the name of the old Hall's Safe & Lock Company, having no member of the name of Hall, and was carrying on the safe business under that style at Chicago. The court holds, what we should suppose quite clear, that this assumption of the name of "Hall's Safe & Lock Company" was a fraudulent device to appropriate the good will of the old company to which the Herring-Hall-Marvin Safe Company had succeeded. It is also held that the defendant in the cross-bill should be restrained from selling safes which were not of the manufacture of the Herring-Hall-Marvin Company, as "Hall's Safes." It was claimed that the defendant in the cross-bill was selling under that name safes made by the Hall's Safe Company, the defendant here. It was only in this incidental way that the rights of the Halls were considered, and of course they could not be adjudged in that suit.

We do not think there is any substantial difference between the conclusion of that court upon the

propriety of the use of the designation "Hall's Safes" and our own. We think it quite likely that court would have accepted the qualification that the use of such a designation in the business of the Halls would not be unlawful provided it was accompanied by explanatory matter showing that the product was their own and not that of the old company or its successors in business.

It is true that the learned judge who delivered the opinion said *arguendo,* that the court might look behind the corporation and find whether there were equities between the Herring-Hall-Marvin Company and the members of the Hall's Safe & Lock Company which would attach to the Hall's Safe Company, of which they are now members, and concluding there were such equities, proceeded to deduce the consequences. Without repeating what we have said upon this subject, we are constrained to think that the defendants, Hall, were not bound individually in law or in equity by the contract of their corporation.

The determination of the case must depend upon the application of other principles than such as would obtain if there were contractual relations between the parties in reference to the subject-matter of the suit. When the Herring-Hall-Marvin Company purchased the Hall Safe & Lock Company's plant and business, it acquired the good will of the latter company, and this included the right to use the means of communicating to the public information that it had succeeded to the business and good will of its vendor and among these rights was that of using the trade names which had been employed

in the business and by which the products thereof had been identified and known. And although the receiver's conveyance to the complainant did not in terms convey the right to use the old trade names, yet as it professed to convey all the assets of the Herring-Hall-Marvin Company, including the good will, we think it should be held that the purchaser acquired the right to designate its products by the same means as its predecessor in title had done. These rights it was entitled to enjoy exclusively. They were its property. Neither these defendants or any other person could lawfully invade them. And we put the statement in this form to signify that in our opinion the defendants were precluded equally with, and not otherwise than, all other persons, because it seems to us that if there are no contractual relations between the parties, it is indifferent that the rights of the complainant are derived from the Hall Safe & Lock Company.

It would not be difficult to define in comparatively set terms the limits within which the parties to this controversy should be confined, were it not for the fact that these individual defendants bear the name which has long been associated with the complainant's products. Joseph L. Hall left five sons, of whom the defendants Hall were the eldest, and they were all bred to the father's business and have followed it from their youth. They undoubtedly have the right to pursue the occupation of manufacturing and selling safes and they have the right to use their own family name in the business and adopt all proper means of making it known to the public that the safes they offer are made by them; and they

have the right to build up a business with a good will of its own. And if they choose to organize a corporation for that purpose, they have the right to use their family name in its title. But in doing all these things, neither these individual parties nor the corporation has the right to endeavor to lead the public into the belief that the safes they make are the product of the Hall Safe & Lock Company's successors in business. If, notwithstanding, the defendants conduct their business within these limits, it should happen that from the similarity of names, and the kind of business, intending purchasers might sometimes fall into the mistake that the defendants were the successors of the Hall Safe & Lock Company, and were making the kind and quality of safes that were made by that company, the defendants would not be responsible therefor. If in the choice of a corporate name, one should be chosen which would be likely to catch the complainant's business, it would be necessary to accompany its use in the business of the company by explanatory statements which would prevent any misunderstanding; for such a choice without explanation would be *prima facie* evidence of unfair dealing.

The cases upon this subject have come to be very numerous, and it is unnecessary to canvass them. This has been done so recently in several decisions of the Supreme Court that we shall content ourselves with the statement of the controlling principles which we conceive to be now established referring for authority to,

Howe Scale Co. v. *Wyckoff, Seamans, etc.*, 198 U. S., 118.

Singer Mfg. Co. v. *June Mfg. Co.*, 163 U. S., 169.

Brown Chemical Co. v. *Meyer*, 139 U. S., 540.

Turton and Sons v. *Turton and Sons*, L. R., 42 Ch. Div., 128.

Reddaway v. *Benham*, L. R., Ap. Cas. (1896), 199.

The subject was also elaborately discussed, and the authorities cited, in the opinion of this court in *Royal Baking Powder Co.* v. *Royal*, 122 Fed., 337; 58 C. C. A., 499, delivered by Judge Lurton.

Recurring to the facts of the present case the name adopted for the corporation was "Hall's Safe Company," a name so dangerously near to that of the "Hall's Safe & Lock Company" as to make it apparently necessary, to avoid mistake, that explanation should be made that it was not the same company or its successor in business. The testimony shows clearly enough that this had not been done; and although for a short time before the filing of the petition the defendant's practices had been mended in this regard, there was sufficient ground to apprehend the repetition of unauthorized pretensions by defendants to justify the complainant in invoking the power of the court to prevent them. Inasmuch as the individuals who are made defendants are not engaged in a business or proposing to engage in a business of their own prejudicial to the complainant, it would seem that the relief acquired should be the restraining of the corporation and its officers and agents from committing the unlawful acts complained of. It is not alleged in the bill that these de-

fendants are personally committing or threatening to commit any injurious acts. They are apparently made parties because of the fact that they were large stockholders in the Hall Safe & Lock Company and had assented to the sale of its properties, and had been instrumental in the organization of the new company. But we do not think the latter fact alone subjected them to any liability, and if as we have held, they were not personally bound by the stipulations of the company, we perceive no sufficient ground for awarding an injunction against them.

This has often been held in suits brought for the infringement of patents, and the rule seems equally applicable to cases of the character before us.

Western Union Telg. Co. v. *Home Telg. Co.*, 85 Fed., 649.

Bowers v. *Atlantic, G. & P. Co.*, 104 Fed., 887.

Loomis-Manning Filter Co. v. *Manhattan Filter Co.*, 117 Fed. Rep., 325.

Greene v. *Buckley*, 120 Fed., 955.

But we think the facts justified an injunction against the Hall Safe Company, though not in the terms stated in the decree.

With respect to the defendants Hall, we think the decree should be reversed with directions to dismiss the bill.

With respect to the defendant Hall's Safe Company the injunction should be modified. In lieu of the injunction ordered by the court below the following will be substituted:

The defendant the Hall's Safe Company, its servants, agents, officers and employes are perpetually

enjoined from carrying on the safe or vault business in the name of the *Hall's Safe Company* or any other name having similarity to the name Hall's Safe and Lock Company, without also giving information to the public that it is not the business formerly carried on by the Hall's Safe and Lock Company; and from making, advertising or otherwise designating its safes and vaults as the products of the Hall's Safe and Lock Company or its successors in business, or pretending that it is carrying on the business started by Joseph Hall and continued by the Hall's Safe and Lock Company; and from interfering in any manner with the exclusive right of the complainant to possess and enjoy the good will acquired by the Hall's Safe and Lock Company and from using the trade name of said last named company without at the same time so qualifying such trade name as to show that the trade name used is not the one formerly used to designate the products of the Hall's Safe and Lock Company.

In respect to the matter of the cross-bill, we think there is no substantial ground for complaint. For the reasons stated in the preceding opinion we are not prepared to say that the complainant in the original bill has exceeded its rights in endeavoring to maintain the benefits of its purchase from the Hall Safe & Lock Company; and we concur with the court below in holding that the cross-bill should be dismissed.

The costs of this appeal will be borne by the appellant, Hall's Safe Company, and the appellee, to be equally divided.